



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ  
COMMISSIONER**

FOR IMMEDIATE RELEASE  
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CONTACT: JERRY ADAMS  
615-741-4806

**JULY REVENUES**

NASHVILLE – State sales tax revenues for July jumped with the largest monthly growth in over three years. Finance and Administration Commissioner Dave Goetz today reported July’s total revenue collections were up from July of last year. The last month in which sales tax collections exceeded this month’s growth rate was April of 2007.

“We believe the growth in both sales and corporate tax collections point to an economic recovery in Tennessee; however, we will continue to be cautious, keeping our budget in balance as we move forward,” Goetz said. “Franchise and Excise tax collections showed negative growth for the month, but this can be attributed to significant one-time payments received in July of 2009. The year-to-date growth in our corporate tax collections have shown considerable improvement over last year, posting a gain of over 4 percent,” Goetz said.

Overall, July revenues were \$833.6 million or \$22.5 million more than the state budgeted.

On an accrual basis, July is the twelfth month in the 2009-2010 fiscal year.

The general fund was over collected by \$28.0 million, and the four other funds were under collected by \$5.5 million.

Sales tax collections were \$1.0 million less than the estimate for July. The July growth rate was 5.94%. For twelve months revenues are under collected by \$225.7 million. The year-to-date growth rate for twelve months was negative 2.25%.

Franchise and excise taxes combined were \$7.5 million over the budgeted estimate of \$44.0 million. The growth rate for July was negative 36.40%. For twelve months revenues are over collected by \$83.3 million and the year-to-date growth rate was positive 4.01%.

Inheritance and estate tax collections were \$1.8 million above the July estimate. For twelve months collections are \$10.4 million below the budgeted estimate.

Privilege tax collections were \$1.1 million below the July budgeted estimate. For twelve months collections are \$24.8 million less than the budgeted estimate, and the year-to date growth rate was negative 3.15%.

Tobacco tax collections were \$1.2 million above the budgeted estimate of \$25.3 million. For twelve months revenues are over collected by \$1.2 million.

Gasoline and motor fuel tax collections for July decreased by 0.36 %. For twelve months revenues are under collected by \$8.2 million.

Year-to-date collections for twelve months were \$203.0 million less than the budgeted estimate. The general fund was under collected by \$151.3 million and the four other funds were under collected by \$51.7 million.

The budgeted revenue estimates for 2009-2010 are based on the State Funding Board's consensus recommendation adopted by the first session of the 106th General Assembly in May of 2009, and are available on the state's Web site at <http://www.tn.gov/finance/bud/budget.html>.

The State Funding board met on December 18, 2009 and adopted mid-year revised revenue ranges for 2009-2010. The revised ranges reflect growth rates ranging from negative 1.50% to negative 0.25% in total taxes, and negative 2.35% to negative 0.85% in general fund taxes. Based on the consensus recommendation, the official budgeted estimates for 2009-2010 were revised in late December.

The revised mid-year estimates are reflected on pages A-70 and A-72 in the 2010-2011 Budget Document and assume an under collection in total taxes in the amount of \$161.3 million, and an under collection of \$153.2 million in the general fund.

The funding board met again in March of this year and adopted final revenue ranges for 2009-2010.

The board's consensus recommendation was to recognize lower growth rates than those adopted on December 18, 2009. The revised ranges reflect growth rates ranging from negative 1.77% to negative 1.29% for total taxes, and negative 2.31% to negative 1.78% in general fund taxes.

Based upon the funding board's March recommendation the revised estimates for 2009-2010 compared to the July 2009 official budgeted estimates now assume an under collection in total taxes in the amount of \$258.9 million, and an under collection of \$231.0 million in general fund taxes.

Year-to-date collections for 2009-2010 are subject to final accrual adjustments.

**REVENUE COLLECTIONS  
JULY, 2010, AND 12 MONTHS YEAR-TO-DATE**

**July Collections:**

|                    | <b>Budgeted<br/>Accrual<br/>Estimate</b> | <b>Actual</b>        | <b>Difference</b>   |
|--------------------|--|----------------------|---------------------|
|                    | <hr/>                                    | <hr/>                | <hr/>               |
| General Fund       | \$653,961,000                            | \$681,992,000        | \$28,031,000        |
| Highway Fund       | 58,748,000                               | 52,502,000           | (6,246,000)         |
| Sinking Fund       | 32,611,000                               | 32,641,000           | 30,000              |
| City & County Fund | 64,864,000                               | 65,534,000           | 670,000             |
| Earmarked Fund     | 891,000                                  | 893,000              | 2,000               |
| <b>Total</b>       | <b>\$811,075,000</b>                     | <b>\$833,562,000</b> | <b>\$22,487,000</b> |

**Year-To-Date Collections:**

|                    | <b>Budgeted<br/>Accrual<br/>Estimate</b> | <b>Actual</b>           | <b>Difference</b>      |
|--------------------|--|-------------------------|------------------------|
|                    | <hr/>                                    | <hr/>                   | <hr/>                  |
| General Fund       | \$8,407,200,000                          | \$8,255,922,000         | (\$151,278,000)        |
| Highway Fund       | 681,000,000                              | 637,977,000             | (43,023,000)           |
| Sinking Fund       | 388,400,000                              | 386,834,000             | (1,566,000)            |
| City & County Fund | 804,700,000                              | 797,567,000             | (7,133,000)            |
| Earmarked Fund     | 10,700,000                               | 10,700,000              | 0                      |
| <b>Total</b>       | <b>\$10,292,000,000</b>                  | <b>\$10,089,000,000</b> | <b>(\$203,000,000)</b> |

**Table 1**  
**Tennessee Department of Revenue**  
**Comparative Statement of Collected Revenues**

| Class of Tax                  | July                 |                      |                     |              |
|-------------------------------|----------------------|----------------------|---------------------|--------------|
|                               | 2009                 | 2010                 | Change              | Percent      |
| Franchise & Excise            | \$80,924,000         | \$51,465,000         | (\$29,459,000)      | -36.40%      |
| Income                        | 1,528,000            | 776,000              | (752,000)           | -49.21%      |
| Inheritance & Estate          | 7,301,000            | 13,515,000           | 6,214,000           | 85.11%       |
| Gasoline                      | 52,261,000           | 51,516,000           | (745,000)           | -1.43%       |
| Petroleum Special             | 5,324,000            | 5,387,000            | 63,000              | 1.18%        |
| Tobacco                       | 23,533,000           | 26,461,000           | 2,928,000           | 12.44%       |
| Beer                          | 1,484,000            | 1,727,000            | 243,000             | 16.37%       |
| Motor Vehicle Registration    | 20,485,000           | 20,507,000           | 22,000              | 0.11%        |
| Motor Vehicle Title           | 948,000              | 916,000              | (32,000)            | -3.38%       |
| Mixed Drink                   | 4,629,000            | 4,463,000            | (166,000)           | -3.59%       |
| Business                      | 3,104,000            | 2,954,000            | (150,000)           | -4.83%       |
| Privilege                     | 21,674,000           | 21,335,000           | (339,000)           | -1.56%       |
| Gross Receipts                | 12,663,000           | 18,472,000           | 5,809,000           | 45.87%       |
| TVA - In Lieu of Tax Payments | 24,015,000           | 26,499,000           | 2,484,000           | 10.34%       |
| Alcoholic Beverage            | 4,076,000            | 4,344,000            | 268,000             | 6.58%        |
| Sales and Use                 | 534,867,000          | 566,653,000          | 31,786,000          | 5.94%        |
| Motor Vehicle Fuel            | 15,929,000           | 16,345,000           | 416,000             | 2.61%        |
| Severance                     | 142,000              | 164,000              | 22,000              | 15.49%       |
| Coin-operated Amusement       | 107,000              | 52,000               | (55,000)            | -51.40%      |
| Unauthorized Substance        | 15,000               | 11,000               | (4,000)             | -26.67%      |
| <b>Total</b>                  | <b>\$815,009,000</b> | <b>\$833,562,000</b> | <b>\$18,553,000</b> | <b>2.28%</b> |

**Table 2**  
**Tennessee Department of Revenue**  
**Comparative Statement of Collected Revenues**

| Class of Tax                  | August - July           |                         |                        | Percent       |
|-------------------------------|-------------------------|-------------------------|------------------------|---------------|
|                               | 2008-2009               | 2009-2010               | Change                 |               |
| Franchise & Excise            | \$1,368,718,000         | \$1,423,568,000         | \$54,850,000           | 4.01%         |
| Income                        | 221,201,000             | 171,707,000             | (49,494,000)           | -22.38%       |
| Inheritance & Estate          | 82,761,000              | 87,304,000              | 4,543,000              | 5.49%         |
| Gasoline                      | 601,269,000             | 607,104,000             | 5,835,000              | 0.97%         |
| Petroleum Special             | 61,555,000              | 62,794,000              | 1,239,000              | 2.01%         |
| Tobacco                       | 299,215,000             | 293,367,000             | (5,848,000)            | -1.95%        |
| Beer                          | 18,228,000              | 17,148,000              | (1,080,000)            | -5.92%        |
| Motor Vehicle Registration    | 241,282,000             | 239,417,000             | (1,865,000)            | -0.77%        |
| Motor Vehicle Title           | 10,030,000              | 10,402,000              | 372,000                | 3.71%         |
| Mixed Drink                   | 53,975,000              | 55,267,000              | 1,292,000              | 2.39%         |
| Business                      | 135,825,000             | 132,312,000             | (3,513,000)            | -2.59%        |
| Privilege                     | 255,609,000             | 247,569,000             | (8,040,000)            | -3.15%        |
| Gross Receipts                | 32,040,000              | 32,707,000              | 667,000                | 2.08%         |
| TVA - In Lieu of Tax Payments | 283,099,000             | 317,910,000             | 34,811,000             | 12.30%        |
| Alcoholic Beverage            | 45,026,000              | 46,608,000              | 1,582,000              | 3.51%         |
| Sales and Use                 | 6,331,290,000           | 6,188,562,000           | (142,728,000)          | -2.25%        |
| Motor Vehicle Fuel            | 154,820,000             | 154,632,000             | (188,000)              | -0.12%        |
| Severance                     | 2,288,000               | 2,272,000               | (16,000)               | -0.70%        |
| Coin-operated Amusement       | 354,000                 | 241,000                 | (113,000)              | -31.92%       |
| Unauthorized Substance        | 1,086,000               | (1,891,000)             | (2,977,000)            | -274.13%      |
| <b>Total</b>                  | <b>\$10,199,671,000</b> | <b>\$10,089,000,000</b> | <b>(\$110,671,000)</b> | <b>-1.09%</b> |

**Table 3**  
**August - July Revenue Overcollections/(Undercollections)**  
**Budgeted Estimate**

|                             | <u>General<br/>Fund</u> | <u>Other<br/>Funds</u> | <u>Total</u>            |
|-----------------------------|-------------------------|------------------------|-------------------------|
| Sales Tax                   | \$ (189,500,000)        | \$ (36,200,000)        | \$ (225,700,000)        |
| Income Tax                  | (10,700,000)            | (5,600,000)            | (16,300,000)            |
| Inheritance Tax             | (10,400,000)            | 0                      | (10,400,000)            |
| Privilege Tax               | (24,800,000)            | 0                      | (24,800,000)            |
| Business Tax                | (21,300,000)            | 0                      | (21,300,000)            |
| TVA                         | 14,100,000              | 10,800,000             | 24,900,000              |
| Gross Receipts              | 9,800,000               | 0                      | 9,800,000               |
| Gasoline & Motor Fuel Taxes | (100,000)               | (8,100,000)            | (8,200,000)             |
| Motor Vehicle Registration  | (1,600,000)             | (10,200,000)           | (11,800,000)            |
| Other Taxes                 | (100,000)               | (2,400,000)            | (2,500,000)             |
| Tobacco                     | 1,200,000               | 0                      | 1,200,000               |
| Beer                        | 600,000                 | 200,000                | 800,000                 |
| Motor Vehicle Title         | (500,000)               | (100,000)              | (600,000)               |
| Mixed Drink                 | (400,000)               | (300,000)              | (700,000)               |
| Alcoholic Beverage          | (200,000)               | (100,000)              | (300,000)               |
| Severence                   | 100,000                 | 200,000                | 300,000                 |
| Coin Operated Amusement     | (100,000)               | 0                      | (100,000)               |
| Unauthorized Substance      | (800,000)               | (2,300,000)            | (3,100,000)             |
| <b>Sub-Total</b>            | <b>\$ (234,600,000)</b> | <b>\$ (51,700,000)</b> | <b>\$ (286,300,000)</b> |
| F & E Taxes                 | 83,300,000              | 0                      | 83,300,000              |
| <b>Total</b>                | <b>\$ (151,300,000)</b> | <b>\$ (51,700,000)</b> | <b>\$ (203,000,000)</b> |